

BEFORE THE TENNESSEE STATE BOARD OF EQUALIZATION

IN RE: Stanley H. Trezevant, III)
Ward 045, Block 020, Parcel 00079) Shelby County
Residential Property)
Tax Year 2005)

INITIAL DECISION AND ORDER

Statement of the Case

The subject property is presently valued as follows:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$14,400	\$18,300	\$32,700	\$8,175

An appeal has been filed on behalf of the property owner with the State Board of Equalization. The undersigned administrative judge conducted a hearing in this matter on July 11, 2007 in Memphis, Tennessee. In attendance at the hearing were Trip Trezevant, the appellant, and Shelby County Property Assessor's representative Ron Nesbitt.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

Subject property consists of a rental house located at 346 Buntyn Street in Memphis, Tennessee.

The taxpayer contended that subject property should be valued at a maximum of \$19,800. In support of this position, Mr. Trezevant testified that he purchased subject property in 1999 for \$8,000 and has made only minor improvements since that time. Mr. Trezevant testified that subject property is in extremely poor physical condition as evidenced by rotted floors and the need for a new roof and HVAC system.

At the time this appeal was filed, the taxpayer asserted subject property should be appraised at no more than \$17,900. At the hearing, Mr. Trezevant effectively amended his contention of value to \$19,800. The basis for his revised contention of value was the December 13, 2006 sale of the property for \$19,800.

The assessor contended that subject property should be valued at \$28,000. In support of this position, Mr. Nesbitt introduced several comparable sales into evidence. Mr. Nesbitt initially argued that the comparables support a minimum value of \$32,000. After learning that subject property does not have a garage as assumed in his analysis, Mr. Nesbitt revised his estimate of value to \$28,000.

The basis of valuation as stated in Tennessee Code Annotated Section 67-5-601(a) is that "[t]he value of all property shall be ascertained from the evidence of its sound, intrinsic and immediate value, for purposes of sale between a willing seller and a willing buyer without consideration of speculative values . . ."

After having reviewed all the evidence in the case, the administrative judge finds that the subject property should be valued at \$22,000 based upon the collective proof.

The administrative judge finds that the December 13, 2006 sale of subject property for \$19,800 cannot be adopted as the basis of valuation for two reasons. First, the sale occurred long after the relevant assessment date of January 1, 2005 and is therefore irrelevant. See *Acme Boot Company and Ashland City Industrial Corporation* (Cheatham County - Tax Year 1989) wherein the Assessment Appeals Commission ruled that “[e]vents occurring after [the assessment] date are not relevant unless offered for the limited purpose of showing that assumptions reasonably made on or before the assessment date have been borne out by subsequent events.” Final Decision and Order at 3. Second, one sale does not necessarily establish market value. As observed by the Arkansas Supreme Court in *Tuthill v. Arkansas County Equalization Board*, 797, S. W. 2d 439, 441 (Ark. 1990):

Certainly, the current purchase price is an important criterion of market value, but it alone does not conclusively determine the market value. An unwary purchaser might pay more than market value for a piece of property, or a real bargain hunter might purchase a piece of property solely because he is getting it for less than market value, and one such isolated sale does not establish market value.

Based upon the foregoing, the administrative judge would normally adopt Mr. Nesbitt’s recommended value of \$28,000 insofar as it constitutes the upper limit of value. In this case, however, the administrative judge finds that Mr. Nesbitt was understandably unaware of the condition of subject dwelling. The administrative judge finds Mr. Trezevant’s unrefuted testimony established that subject property could not command \$28,000 on the relevant assessment date absent significant rehabilitation.

The administrative judge finds that the preponderance of the evidence supports adoption of a value of \$22,000.

ORDER

It is therefore ORDERED that the following value and assessment be adopted for tax year 2005:

<u>LAND VALUE</u>	<u>IMPROVEMENT VALUE</u>	<u>TOTAL VALUE</u>	<u>ASSESSMENT</u>
\$14,400	\$7,600	\$22,000	\$5,500

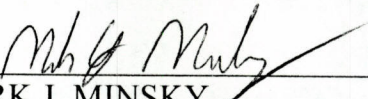
It is FURTHER ORDERED that any applicable hearing costs be assessed pursuant to Tenn. Code Ann. § 67-5-1501(d) and State Board of Equalization Rule 0600-1-.17.

Pursuant to the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-301—325, Tenn. Code Ann. § 67-5-1501, and the Rules of Contested Case Procedure of the State Board of Equalization, the parties are advised of the following remedies:

1. A party may appeal this decision and order to the Assessment Appeals Commission pursuant to Tenn. Code Ann. § 67-5-1501 and Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization. Tennessee Code Annotated § 67-5-1501(c) provides that an appeal **“must be filed within thirty (30) days from the date the initial decision is sent.”** Rule 0600-1-.12 of the Contested Case Procedures of the State Board of Equalization provides that the appeal be filed with the Executive Secretary of the State Board and that the appeal **“identify the allegedly erroneous finding(s) of fact and/or conclusion(s) of law in the initial order”**; or
2. A party may petition for reconsideration of this decision and order pursuant to Tenn. Code Ann. § 4-5-317 within fifteen (15) days of the entry of the order. The petition for reconsideration must state the specific grounds upon which relief is requested. The filing of a petition for reconsideration is not a prerequisite for seeking administrative or judicial review; or
3. A party may petition for a stay of effectiveness of this decision and order pursuant to Tenn. Code Ann. § 4-5-316 within seven (7) days of the entry of the order.

This order does not become final until an official certificate is issued by the Assessment Appeals Commission. Official certificates are normally issued seventy-five (75) days after the entry of the initial decision and order if no party has appealed.

ENTERED this 19th day of July, 2007.



MARK J. MINSKY
ADMINISTRATIVE JUDGE
TENNESSEE DEPARTMENT OF STATE
ADMINISTRATIVE PROCEDURES DIVISION

c: Mr. Trip Trezevant
Tameaka Stanton-Riley, Appeals Manager